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**VERIFIED STATEMENT (DECLARATION) NUMBER 2  
IN SUPPORT OF INFORMATION DISCLOSURE STATEMENT**

IN U.S. APPLICATION SERIAL NOS. 09/684,010, 09/684,871, 09/684,870, 09/684,808, 09/684,869,  
09/685,078, 09/680,649, 09/680,654, 09/684,865, 09/685,077, 09/684,014, 09/684,861, 09/684,152,  
09/684,866, 09/820,377, AND 09/820,292

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I, John Dietz, hereby declare as follows:

1. I am presently an employee of iShip Inc., a wholly owned subsidiary of United Parcel Service ("UPS"). UPS is, as of the date of this Declaration, by contract, joint owner with Stamps.com Inc. of the above-named applications. Until recently, I was an employee of Stamps.com Inc., successor in interest to iShip.com, Inc., which was successor in interest to MoveIt! Software Inc. I am an inventor named on U.S. Patent Application Serial Nos. 09/684,866, 09/820,377, and 09/820,292, all of which have been assigned to Stamps.com Inc.
2. The first provisional patent application to which the present application claims priority is U.S. Provisional Patent Application Serial No. 60/158,179 which was filed on October 6, 1999, a copy of which is attached hereto as Exhibit A.
3. During 1997, I founded with others a company called at that time MoveIt! Software Inc. ("MoveIt!"). The principal offices of MoveIt! (and later iShip.com, Inc. ("iShip.com", or in the alternative, "iShip")) are in Bellevue, Washington. MoveIt! Software, Inc. was incorporated on or about May 27, 1997. I served as the Chief Operating Officer ("COO") of MoveIt and its successor, iShip.com, until the time that iShip.com merged with another company, known as Stamps.com Inc. The merged company was known as, and is known as of the date of this declaration as, Stamps.com Inc. All of the inventors of the present patent application were, at the time of the invention, employees of MoveIt!/iShip.com.
4. The founding concept of MoveIt! was to develop an affordable multi-carrier, small parcel, Internet-based shipping system for small-volume shippers such as small businesses and home offices. Carriers, such as the United States Postal Service ("USPS"), United Parcel Service ("UPS"), FedEx, and Airborne, are the companies or entities that ship small parcels from one location to another. Small parcels are letters or packages the weight of which ranges from less than one pound up to 150 pounds. The concept behind providing a multi-carrier system was to provide shippers with a single system with which shipping rate calculations, service options, and delivery schedules could be provided and compared for each parcel to be shipped for each of a plurality of carriers supported by

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carrier with which to ship the particular parcel.

5. Many of the founding members of the MoveIt! team had previously worked for the consulting division of a company then known as ConnectSoft, Inc., also of Bellevue, Washington. In November 1995, UPS acquired the consulting division of ConnectSoft, Inc. The acquired ConnectSoft division became a wholly-owned subsidiary of UPS and was renamed Velleb, Inc. ("Velleb"). Velleb maintained a website at [www.velleb.com](http://www.velleb.com).

6. At Velleb, many of the founding members of what would one day be the MoveIt! team were responsible for the development and implementation of United Parcel Service's ("UPS") shipping and tracking software package, UPS OnLine™ Professional ("UOP"). UOP was a PC-based application for a single carrier – UPS.

7. With the completion of UOP Release 3.0 in April 1997, UPS agreed to a two-step spin-off of Velleb. In the first stage of the spin-off, I and two other senior managers formed MoveIt! Software, Inc. In the second stage, a number of Velleb engineers and other employees joined MoveIt!. UPS made a substantial seed financial investment in MoveIt!.

8. During the latter half of 1997, and continuing through 1998, 1999, 2000, and indeed until the present time, MoveIt!/iShip.com and its successors in interest worked to, among other things, develop and evolve shipping technology to effectively meet the small parcel shipping needs of the small business and home office.

9. During the latter half of 1997 and early 1998 (the "1997-98 time frame"), it was a goal of MoveIt!/iShip.com to pioneer the development of a scalable, Internet-based, consumer-oriented, multi-carrier, multi-service, shipping and tracking systems. The scalability of a particular technology refers to the ability of the technology to be expanded to consistently provide all of its available features to all of its users regardless of the number of users. That is, if a system can provide a single user a certain set of features, but cannot provide multiple users the same features all at the same time, then the system would not be considered to be scalable. Further, if a system operates consistently for a certain number of users over a small network but crashes or operates inconsistently when the number of users is increased, then the system would be considered scalable if minor software settings or hardware components can be added to accommodate the additional users. If, on the other hand, a change to the system architecture would be needed to handle the additional users, then the system would not be considered to be scalable.

10. During the 1997-98 time frame, a company known as Aristo Computers, Inc., a Portland, Oregon-based company, had developed a PC-based, standalone, single-user, multi-carrier system. The Aristo product, known as the "Aristo Parcel Shipping System", was licensed to Value-Added Resellers ("VARs") such as companies such as Pitney Bowes. Pitney Bowes resold the system under the product name of Ascend through the Pitney Bowes subsidiary known as Transcape. Pitney Bowes also deployed "Aristo-based" systems. The Aristo product was built with Microsoft FoxPro

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technology which was not scalable for use by large numbers of users over the Internet.

11. By early 1998, Pitney Bowes announced on its Website an "on-line express Personal Shipping System" that "will find the least expensive and fastest way to send your express package through major carriers" and "instantly track your express package and send e-mails about its progress." Pitney Bowes also included on its Website the line: "Look forward to a new system that will let you send your express package (through your choice of carriers) all right here on-line on the Personal Mailing Solutions site".

12. By early 1998, a Massachusetts based company known as Tracer Research had developed a non-Internet based product known as "Clippership." The Clippership product was a non-Internet based multi-carrier shipping solution for high volume shippers. During this time frame, Tracer Research had certified as compatible with UPS OnLine™ Professional an integration software product, known as TracerX. TracerX provided integration between third-party or carrier-supplied shipping software and other corporate systems.

13. By early 1998, TanData, a Tulsa-based company, had been a supplier of third-party shipping software for installation on shipping dock PCs. By that time, TanData was marketing a shipping and business handling function "cartridge" for Oracle Internet Commerce Server. TanData was also involved in the Microsoft Value Chain Initiative.

14. During the early 1998 time frame, companies such as FedEx and UPS provided high-volume shippers with free carrier-specific software and hardware. Beginning sometime in or about April, 1997, UPS provided high-volume shippers with a fully integrated, standalone, single-user, PC-based hardware and software package that ran UPS OnLine™ Professional. FedEx provided high-volume shippers with a standalone, single-user, PC-based DOS-based shipper software package called FedEx PowerShip®. FedEx PowerShip® was offered in a variety of packages, including FedEx PowerShip® Passport (the most powerful of the FedEx PowerShip® suite), PowerShip2, PowerShip3, and PowerShip Plus.

15. During the early 1998 time frame, companies such as FedEx and UPS provided low-volume shippers with standalone, single-user, PC-based carrier-specific software that could be downloaded from the Internet or installed from a CD-ROM. UPS provided UPS OnLine™ Office and FedEx provided FedEx Ship™. On or about March 3, 1997, Airborne Express announced Lightship Shipper™, PC-based carrier-specific online business shipping software.

16. By the early 1998 time frame, a number of carriers and retailers supported drop-off spots where shippers could bring packages for carrier pickup. U-Ship, an OTC-traded public company based in Minneapolis, MN operated "automated shipping centers" in Kinko's and OfficeMax stores. Each U-Ship shipping center provided a non-Internet-based shipping station that had a touch screen menu offering four shipping services provided exclusively by UPS, a scale, a keyboard and a laser printer. Each U-Ship shipping center shipping station was connected to the U-Ship computer network at U-

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Ship headquarters. U-Ship shipping center shipping stations provided shippers with an electronic way of recording shipping information; UPS picked up packages left at each U-Ship shipping center shipping station.

17. By the early 1998 time frame, PackageNet, a privately-held company based in Fairfield, Iowa, provided UPS package drop-off services at retail locations around the U.S., such as in grocery stores. PackageNet provided a Website. Using the PackageNet Website, Shippers could locate convenient drop-off locations, and could price UPS shipment of a package prior to dropping the package at the drop-off site. The rates charged for UPS shipment through a PackageNet drop-off location were higher than standard UPS rates.

18. In June, 1998, MoveIt!/iShip.com was invited by one of its funding sources, Draper Fisher Jurvetson, to demonstrate some shipping technology features at a gathering of high technology start-up funding sources and start-up entrepreneurs. The name of the gathering is referred to here as the "DFJ demo." At the DFJ demo, MoveIt!/iShip.com demonstrated a pared-down version of an early shipping technology prototype that was, concurrent with the DFJ demo, undergoing extensive beta testing under a beta test agreement between MoveIt!/iShip.com and a company known as College Enterprises, Inc. ("CEI") at the University of California at Santa Barbara campus (the "Santa Barbara Beta Test"). The Santa Barbara Beta Test prototype is described in paragraphs 15 through 22 of a declaration concurrently filed herewith, a true and correct copy of which, without its respective exhibits, is attached hereto as Exhibit B.

19. The DFJ prototype demo included a hardware configuration of one laptop computer, two personal computers ("PC"), and a "hub." The laptop was configured with browser software to simulate a pre-processing client (a "pre-processing client PC"). One of the PC's was configured with shipping station software to simulate a shipping station (a "shipping station PC"). The second PC was configured with DFJ prototype system software and DFJ prototype databases to simulate a server computer (a "server PC"). An account authorization was set up on a database saved on the hard drive of the server PC such that the shipping station PC could be recognized by the server PC as an authorized shipping station. With the DFJ prototype demo, there was no connection to the Internet – none of the laptop or PCs were connected to the Internet, nor was the hub. Rather, there were hard-wired connections between the laptop and the hub, between the hub and the shipping station PC and between the hub and the server PC. These hard-wired connections simulated communications over the Internet. The hub was configured to direct communications between the computers according to the IP (Internet Protocol) address designated in the communication. The laptop pre-processing client PC was configured with a first IP (Internet Protocol) address; the shipping station PC was configured with a second IP address; and the server PC was configured with a third IP address. The laptop pre-processing client PC directed queries and data input to the IP address of the server PC and imbedded in the queries and data input as the return address for responses, the IP address of the laptop pre-processing client PC. The shipping station PC directed

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queries and data input to the IP address of the server PC and imbedded in the queries and data input as the return address for responses, the IP address of the shipping station PC. The server processed queries and data input, and indicated a return address in the responses as the IP address imbedded in the queries and data input as the return address. Accordingly, the hub directed queries and data input from the laptop pre-processing client PC to the server PC, and directed responses by the server PC to laptop pre-processing client PC queries and data input back to the laptop pre-processing client PC. The hub directed queries and data input from the shipping station PC to the server PC and directed responses by the server PC to shipping station queries and data input back to the shipping station PC. A shipping station scale and a shipping station thermal printer were hard-wired to, and configured with, the shipping station PC. That is, software had been installed on the shipping station PC to facilitate communications with the shipping station scale and the shipping station thermal printer, both of which were connected to the shipping station PC. Only one test shipper could use the DFJ demo pre-processing client PC at a time. Only one test shipping station operator could use the DFJ demo shipping station PC at a time. The graphic user interface displays provided by the DFJ prototype demo were those used with the Santa Barbara Beta Test. Because there was no Internet connection, no tracking between the server and the respective carrier system could be performed. The DFJ prototype demo provided only intra-system tracking with which to view the status of a package within the DFJ prototype demo system, such as between the pre-processing stage and shipping stage, or as a shipping label having been printed.

20. By September 1998, Internet websites, [www.smartship.com](http://www.smartship.com) and [www.intershipper.com](http://www.intershipper.com), had begun to provide multi-carrier shipping rate comparisons for some major carriers.

21. To the extent to which I did not recall certain details of portions of the subject matter of this declaration and to the extent to which I did not have complete personal knowledge of portions of the subject matter for this declaration, I refreshed my recollection of the details and obtained information concerning portions of the information described in this declaration by speaking personally with Steve Teglovic, the CEO of MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999; William Smith, the Chief Technology Officer of MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999, and David Bennett, Program Manager for MoveIt!/iShip.com from 1997 through the relevant time periods, including 1999, and by personally reviewing various non-disclosure agreements, business plans, business proposals and other documents, including those attached hereto as Exhibits.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that

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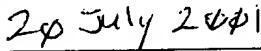
such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

NAME OF PERSON SIGNING: John Dietz  
TITLE OF PERSON IF OTHER THAN OWNER: Employee of iShip Inc.  
ADDRESS OF PERSON SIGNING: 8703 NE 144<sup>th</sup> Court  
Bothell, WA 98011

SIGNATURE



DATE:



20 July 2001

MRK/crb